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SENATE

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110-262 }

INSPECTOR GENERAL REFORM ACT OF 2007

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R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

TO ACCOMPANY

S. 2324

TO AMEND THE INSPECTOR GENERAL ACT OF 1978 (5 U.S.C. APP.)  
TO ENHANCE THE OFFICES OF THE INSPECTORS GENERAL, TO  
CREATE A COUNCIL OF THE INSPECTORS GENERAL ON INTEG-  
RITY AND EFFICIENCY, AND FOR OTHER PURPOSES



FEBRUARY 22, 2008.—Ordered to be printed

Filed, under authority of the order of the Senate of February 14, 2008

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## INSPECTOR GENERAL REFORM ACT OF 2007

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Mr. LIEBERMAN, from the Committee on Homeland Security and  
Governmental Affairs, submitted the following

## R E P O R T

[To accompany S. 2324]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2324) to amend the Inspector General Act of 1978 (5 U.S.C. App.) to enhance the Offices of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

## I. PURPOSE AND SUMMARY

S. 2324 is a bipartisan bill to strengthen the Inspector General system within the federal government. It has been almost 30 years since Congress created the Inspector General system to improve government efficiency and accountability. The Inspector General Act of 1978 (IG Act)<sup>1</sup> established a network of internal watchdogs within key federal agencies to help prevent and uncover waste, fraud and abuse. In 1988, the IG Act was expanded to reach most major departments and agencies.

By and large, the IG Act has worked well to help the Executive Branch and Congress alike strive to ensure more effective and efficient government. However, time has revealed some shortcomings in the existing Act. It is essential that Inspectors General operate with sufficient independence to do their jobs well, yet the current

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<sup>1</sup> The IG Act (PL 95-452) and its subsequent amendments are codified at 5 U.S.C. Appendix and 31 U.S.C. Section 1105(a)(25).

IG structure does not go far enough to safeguard this independence. At the same time, it is imperative to strengthen the oversight process for the IGs themselves, to ensure they do not abuse their unique authorities. This legislation, therefore, would make certain adjustments in the structure and organization of the Inspector General community. It strengthens and modernizes this community to provide for both greater independence and greater accountability of the Inspectors General.

## II. BACKGROUND AND NEED FOR THE LEGISLATION

Today it is easy to take for granted the network of federal Inspectors General, who serve a unique and indispensable role as internal watchdogs within executive departments and agencies. Yet while the Inspector General concept dates back to the beginnings of our government, the modern statutory Inspector General community is a relatively new institution. The framework for these statutory IGs was laid out in the Inspector General Act of 1978, and expanded in the 1988 amendments to that Act. These Inspectors General are charged with conducting audits and investigations to promote the effective, efficient and ethical operation of the government agencies. They do this as senior officials within their respective agencies, where they operate with a broad mandate and report directly to the agency head. Yet the IGs are also charged with reporting directly to Congress, giving them a unique status and responsibility to inform and facilitate effective Congressional oversight of the Executive Branch.

There are currently 58 Inspector General offices established under the IG Act. Of these, 29 are appointed by the President with Senate confirmation (presidential IGs) and 29 are appointed by their agency heads in designated federal entities (DFE IGs). In addition, there are three statutory Inspectors General already established in the legislative branch—for the Government Printing Office (GPO),<sup>2</sup> the Library of Congress<sup>3</sup> and the Capitol Police.<sup>4</sup> A fourth legislative branch Inspector General—for the Architect of the Capitol—was authorized after this legislation was considered in the Committee.<sup>5</sup>

Pursuant to executive orders, the IG community is organized into two interagency councils: the President's Council on Integrity and Efficiency (PCIE) for presidential IGs and the Executive Council on Integrity and Efficiency (ECIE) for the DFE IGs.<sup>6</sup> The Deputy Director for Management in the Office of Management and Budget chairs both councils.

The work of these Inspectors General has been invaluable. Investigations by Inspectors General have helped the government recover billions of dollars in fraudulent charges, and their audit recommendations could create billions more in savings. Their work has also shut down possible future abuses by laying the groundwork for thousands of prosecutions, suspensions, debarments and personnel actions. In 2006 alone, audits by Inspector General of-

<sup>2</sup> 44 U.S.C. Section 3902.

<sup>3</sup> U.S.C. Section 185.

<sup>4</sup> 2 U.S.C. Section 1909.

<sup>5</sup> Public Law 10-161, Consolidated Appropriations Act, 2008, Division H.

<sup>6</sup> Executive Order 12805, May 11, 1992; Executive Order 12993, March 2, 1996.



fices resulted in \$9.9 billion in potential savings from audit recommendations and \$6.8 billion in investigative recoveries.<sup>7</sup>

An example from the Committee's recent work illustrates the tremendous value of the work of the IGs. In a six-month period following the Hurricane Katrina disaster, the Department of Homeland Security (DHS) IG operation produced 29 reports related to the recovery efforts that included such alarming discoveries as that 63 percent of the DHS purchase-card transactions made during the response had no documentation of goods or services actually being received.<sup>8</sup> The DHS IG investigations overall in this period helped produce 243 convictions for fraud or related offenses, and recovery of millions of taxpayer dollars.<sup>9</sup>

The investigations and reports of Inspectors General throughout the government help Congress shape legislation and oversight activities—improving the government's performance, providing important transparency into programs, and giving Americans better value for their tax dollar. Their work goes beyond dollar savings, however; by revealing unethical or unlawful conduct, the Inspectors General also help safeguard the integrity and credibility of government. For instance, the Department of Justice Office of Inspector General (OIG) revealed the sloppy and sometimes inappropriate use of National Security Letters to conduct wiretaps within this country.<sup>10</sup>

To achieve these results, Inspectors General must operate without fear of improper intervention or intimidation by management or political forces. That is why the IG Act gives the Inspectors General a high degree of operational autonomy and authorizes a direct reporting channel to Congress. It is critical that agency management respect this independence and not attempt to retaliate against a vigorous Inspector General by threatening his or her tenure or budget, or otherwise interfere in effective oversight by the IG.

For the most part, the Inspectors General have been able to operate with sufficient independence. However, the Committee is aware of several instances of real or perceived encroachments on IG authority. Just in the past year, for instance, there have been several public accounts from current or former Inspectors General who believed they were being improperly pressured or denied resources to carry out needed oversight. The Committee is aware of additional complaints from several OIGs.

The Committee is also concerned about oversight of the Inspectors General, because with their heightened autonomy comes a heightened risk of abuse of power. Again, recent years have brought to light significant misconduct allegations against several Inspectors General. To maintain the effectiveness of the IGs and faith in their oversight, there must be a credible and effective channel to investigate complaints against an Inspector General or his senior staff, so as to deter and punish real or potential misconduct. The Integrity Committee of the PCIE has provided an important

<sup>7</sup> Honorable Clay Johnson III, testimony, Homeland Security and Governmental Affairs Committee, July 11, 2007.

<sup>8</sup> Department of Homeland Security Office of Inspector General, Semiannual Report to Congress April 1, 2006–September 30, 2006, p. 3.

<sup>9</sup> Id.

<sup>10</sup> "Department of Justice Office of Inspector General, 'A Review of the Federal Bureau of Investigation's Use of National Security Letters,' March 2007.

channel for investigating such complaints. However the Integrity Committee operates without clearly understood procedures or effective Congressional oversight. It is critical that this oversight process become more transparent and more accountable.

S. 2324 would build on the strengths of the IG Act, while addressing some of these recent concerns. Some key aspects of the legislation are discussed below.

#### QUALIFICATIONS AND COMPENSATION

This legislation amends the Inspector General Act of 1978 to explicitly require appointments on the basis of ability and integrity, not political affiliation. This is already required for the presidentially appointed IGs, and the legislation would extend these requirements to the DFE IGs as well.

With respect to compensation, the legislation would ensure that Inspectors General receive compensation that is appropriate to their status and responsibilities yet also assure that this compensation does not present any real or apparent conflict of interest.

Currently there are two problems with compensation for the Inspectors General. First, the compensation of some Inspectors General depends on bonuses awarded by officials they oversee. Presidentially appointed IGs have generally agreed to forego such bonuses, but they remain an important part of the overall compensation of some DFE IGs. This presents at least the appearance of a conflict of interest, and should not be part of the IG pay structure.

Second, some Inspectors General earn too little. Many Inspectors General are paid considerably less than officials they supervise. In some cases this is linked to a self-imposed ban on bonuses, in others it is simply the result of the Inspector General being slotted too low on the pay scale.

The bill prohibits any Inspector General from receiving a bonus but would ensure that the overall compensation of any IG is appropriate and adequate to attract and retain skilled professionals. For presidentially appointed IGs, the bill includes a specific, statutory pay raise to Executive Schedule III plus 3 percent. For DFE IGs, the legislation requires that the Inspector General be classified at a grade, level, or rank designation at or above those of a majority of the senior level executives of that agency. In addition, it requires that DFE IGs receive not less than the average compensation of those senior executives within the agency. To ensure that this formula yields appropriate salaries for the DFE IGs, the legislation also requires that Government Accountability Office (GAO) report back to Congress on the implementation of these pay provisions.

#### STRENGTHENING INDEPENDENCE

In addition to adjusting the qualifications and compensation provisions for Inspectors General, the legislation would add certain structural protections to safeguard their independence.

The bill includes a requirement that the President or appropriate agency head notify Congress 30 days before transferring or removing an Inspector General. This would allow for an appropriate dialogue with Congress in the event that the planned transfer or removal is viewed as an inappropriate or politically motivated attempt to terminate an effective Inspector General. As part of this advance notice, the Administration would be required to supply



written reasons for the planned transfer or termination. This advance notice provision was widely endorsed by the IG community as a useful deterrent against improper intimidation or dismissal. By contrast, the Inspectors General were divided over proposals to create fixed terms for IGs with dismissal only “for cause.”<sup>11</sup>

While we hope that this advance notice will encourage useful communication between Congress and the Executive Branch on IG performance and serve as an effective deterrent against improper terminations, we note that the provision does not alter the President’s ultimate authorities with respect to Executive Branch employees.

The legislation also would safeguard IG independence in the budget process, by requiring a separate budget line for Inspectors General that includes their overall budget and training needs. Currently, there is not necessarily a separate line item for each OIG within the budget of its respective agency and no requirement that training expenses or contributions to the work of the PCIE or ECIE be clearly identified. This budget requirement will create greater transparency regarding IG program and training needs, to help ensure these offices are adequately funded and to protect against any punitive budget cuts.

The legislation includes several other measures designed to strengthen the operational authorities of the Inspectors General, including enhancing their authority to manage their own staff.

#### COUNCIL

The existing IG Councils (the PCIE and the ECIE) serve as vehicles for individual Inspectors General to forge common standards and provide resources to support their respective missions. The PCIE also includes an Integrity Committee that is the mechanism for reviewing misconduct allegations against Inspectors General or their top staff members.

While these Councils play a valuable role, they are badly in need of strengthening. The Councils operate on an ad hoc, shoestring budget, have no dedicated staff, and have limited legal authority for joint endeavors, such as a standardized training program for OIG staff. In testimony and numerous interviews with Committee staff, the Inspectors General have cited strengthening the resources and authorities of the Councils as a key component of improving the effectiveness of the IG community.

This legislation would create a more robust IG Council to promote the work of the Inspectors General, and also provide more effective oversight for the IG community. It would replace the two existing councils with one, statutory council for the entire IG community. The bill gives the new Council a broad charter to conduct activities to build a strong, professional IG community and explicitly authorizes individual Inspectors General to pool resources for Council programs, including training. Additionally, as noted above, the budget provisions of the bill require that the Inspectors General and Administration identify the amounts sought and recommended for Council expenses and training—a provision designed to bring greater transparency to the cost of Council activities and

<sup>11</sup> GAO, Highlights of the Comptroller General’s Panel on Federal Oversight and the Inspectors General, GAO-06-931SP (Washington, D.C., Sept. 11, 2006).

which the Committee intends will encourage adequate funding for these extremely important activities. The Committee also supports enhanced funding for the Council through any other appropriate mechanism.

The bill would also codify an Integrity Committee to review allegations of misconduct by Inspectors General and their top staff, as described below.

#### ACCOUNTABILITY

This legislation also addresses issues of how the Inspectors General are to be held accountable. Unfortunately, the Inspectors General are not immune from real or alleged misconduct or mismanagement and it is critical that there be an effective and credible mechanism to address these complaints when they arise. Currently, the Integrity Committee of the PCIE serves as a forum for allegations against Inspectors General and their senior staff. The bill would strengthen the Integrity Committee by codifying it and requiring greater transparency and Congressional oversight for its work. Congress currently has no systematic or assured way to learn of serious allegations against an Inspector General or learn the results of an investigation into those allegations. The new Integrity Committee would be required to notify Congress of its procedures, and prepare regular reports on investigations it undertakes. The Committee is also concerned that there are not dedicated resources for the Integrity Committee and intends that the budget provisions of this bill be used to help assure sufficient resources for effective Integrity Committee work, as well as other Council activities.

Additionally, S. 2324 requires that the Government Accountability Office prepare a report analyzing the policies and practices of the Integrity Committee, as well as other mechanisms for handling complaints against an Inspector General or his staff.

#### DEPARTMENT OF JUSTICE OIG

Another provision of the bill would eliminate a statutory restriction on the jurisdiction of the Department of Justice (DOJ) OIG. Currently, the DOJ OIG does not have authority to investigate misconduct allegations concerning Department attorneys acting in a legal capacity or investigators acting at an attorney's direction. Those cases are instead referred to the Office of Professional Responsibility (OPR). No other statutory Office of Inspector General has such a limitation; alleged misconduct by career lawyers at other federal departments and agencies is within the purview of that agency's Inspector General.

This bill would eliminate that restriction. The Committee believes it is appropriate to give the DOJ OIG a "right of first refusal" on allegations involving Department lawyers, as well as other officials. OPR does not operate with the same structural independence as the OIG, and its reports are rarely made public. The Committee believes it is more appropriate that the OIG investigate matters involving high ranking Department attorneys or widespread policies or practices at the Department. It is troubling, for instance, that the investigations into the U.S. attorney firing scandal was initially referred to OPR; the OIG was allowed to partici-

pate only after objecting to the Department leadership.<sup>12</sup> The current arrangement also can lead to unproductive duplication of effort between the OIG and OPR when an investigation implicates matters within the IG's jurisdiction as well as some aspects of attorney conduct.

By including this provision, the Committee is not seeking to diminish or disparage the important contributions of OPR. The Committee recognizes that OPR is generally highly regarded for its expertise and integrity. For the most part, the work of OPR would continue as it does now; the Committee does not anticipate or intend that the OIG would normally investigate routine attorney misconduct cases involving line attorneys that are the core of OPR's work. The Committee anticipates that the OIG and OPR would work out a protocol to determine which cases should be referred to OPR and which retained by the OIG—much as the Inspector General has with other investigative elements of the Department of Justice.

#### ADDITIONAL ENHANCEMENTS

S. 2324 includes additional provisions that improve and strengthen the IG system:

- The bill would clarify that the subpoena authority of Inspectors General extends to electronic documents.
- The bill would require that agencies provide a clear link to that agency's Inspector General website, and that OIG reports be promptly posted on agency websites.
- The bill would allow DFE IGs to apply to the Department of Justice for law enforcement designation and seek recoveries under the Program Fraud Civil Remedies Act, authorities currently exercised only by presidential IGs.

#### III. LEGISLATIVE HISTORY

S. 2324 was introduced on November 8, 2007, by Senator McCaskill with Senators Collins, Lieberman and Coburn as original cosponsors. The bill was read twice and referred to the Committee on Homeland Security and Government Affairs on November 8, 2007.

S. 2324 was grounded in two earlier legislative proposals—S. 680 and S. 1723. S. 680, the Accountability in Government Contracting Act of 2007, was introduced on February 17, 2007 by Senator Collins and originally included some of the reforms included in this legislation. However, the provisions of S. 680 governing Inspectors General were removed from that bill during markup on August 1, 2007. S. 1723, the Improvement in Government Accountability Act of 2007, was introduced on June 28, 2007 by Senator McCaskill and also contained many of the provisions included in S. 2324.

In addition, the Committee held a hearing on July 11, 2007 to consider the status of the Inspector General system and the need for possible reforms. Witnesses at that hearing were: The Honorable Clay Johnson III, Deputy Director for Management, Office of Management and Budget; The Honorable Glenn A. Fine, Inspector General, Department of Justice; the Honorable Earl E. Devaney,

<sup>12</sup>The Honorable Glenn A. Fine, testimony, Senate Homeland Security and Governmental Affairs Committee, July 11, 2007.



Inspector General, Department of the Interior; the Honorable Eleanor J. Hill, former Inspector General, Department of Defense; and Danielle Brian, Executive Director, Project on Government Oversight. The Committee also received written testimony from: the Honorable Phyllis K. Fong, Inspector General, Department of Agriculture; Dr. Christine Boesz, Inspector General, National Science Foundation; David M. Walker, Comptroller General of the United States; Jane E. Altenhofen, Inspector General, National Labor Relations Board; and Susan Khoury, former Special Agent, Office of the Inspector General, Nuclear Regulatory Commission.

Following the July hearing, Senators McCaskill, Collins, Lieberman and Coburn collaborated to draft a new version of Inspector General reform legislation, which was then introduced as S. 2324.

On November 14, 2007, the Committee considered S. 2324. Senators Lieberman, Collins, McCaskill and Coburn offered a manager's amendment, which made technical changes and added a section relating to investigations of allegations against the Special Counsel or Deputy Special Counsel. The amendment was adopted by voice vote. The bill, as amended, was adopted by the Committee by voice vote and ordered reported to the Senate. Members present for the vote on the manager's amendment were Senators Lieberman, Carper, McCaskill, Tester, Collins, Stevens, Voinovich and Coleman. Members present for the vote on the bill as amended were Senators Lieberman, Carper, McCaskill, Tester, Collins, Stevens, Voinovich, Coleman and Coburn.

Senators Akaka, Clinton and Obama joined as cosponsors on November 13, 2007. Senators Carper and Stevens joined as cosponsors on November 14, 2007, Senator Levin joined as a cosponsor on November 15, 2007 and Senator Coleman joined as a cosponsor on November 16, 2007. Senator Grassley joined as a cosponsor on December 19, 2007.

#### IV. SECTION BY SECTION ANALYSIS

##### Section 1: Title

Section 2: This section requires that Inspectors General for the designated federal entities (non-presidential appointees) be selected on the basis of skills and integrity and without regard to political affiliation—the same requirements that currently apply to presidentially appointed IGs. This section is designed to ensure that Inspectors General are selected on the basis of their qualifications to perform this important role and not any other basis. This section eliminates the unintentional distinction between presidentially appointed IGs and non-presidentially appointed IGs.

Section 3: This section requires that before an Inspector General can be removed or transferred, Congress must be provided with 30 days advance written notice including reasons for termination or transfer. This section applies to presidentially appointed IGs, those at designated federal entities, and the three statutory IGs within the legislative branch. The Committee intends that Inspectors General who fail to perform their duties properly whether through malfeasance or nonfeasance, or whose personal actions bring discredit upon the office, be removed. The requirement to notify the Congress in advance of the reasons for the removal should serve to ensure that Inspectors General are not removed for political reasons

or because they are doing their jobs of ferreting out fraud, waste and abuse.

Section 4: This section is necessary to ensure that the compensation of Inspectors General is set at a level to attract highly competent and skilled individuals to public service and to retain these individuals as long as they continue to perform at the highest levels. The Committee has evidence that the current pay for Inspectors General has created disparities where some IGs are being paid less than their deputies or other members of their office. Combine these pay disparities with the fact that many Inspectors General choose to refuse bonuses awarded their peers in order to avoid the appearance of impropriety, and the pay disparities in the current system actually serve as a disincentive for individuals to seek out and retain the Office of Inspector General.

Subsection (a) adjusts the pay for presidentially appointed IGs. Pay for these Inspectors General would rise from Executive Schedule IV to Executive Schedule III, plus 3 percent. Currently, most presidentially appointed IGs earn less than subordinates in the Senior Executive Service (SES). This disparity is exacerbated by the fact that SES employees are eligible for performance awards or bonuses, which the presidential IGs have voluntarily agreed to forego and which would be prohibited for them under this legislation. By increasing the pay of the presidentially appointed IGs to Executive Schedule III plus 3 percent, the Committee hopes to eliminate or significantly diminish this disparity.

Subsection (b) would adjust the classification and pay for the Inspectors General of designated federal entities. For the DFE IGs, grade, level or rank designation would be set at or above those of a majority of the senior level executives of the agency, such as the General Counsel, the Chief Acquisition Officer, the Chief Information Officer, the Chief Financial Officer and the Chief Human Capital Officer at that agency. The Inspector General's pay can not be less than the average total compensation of the senior level executives at that agency.

Section 5: Prohibits any Inspector General from receiving a cash bonus or award. It is already the practice of many Inspectors General to refuse bonuses from the agencies they serve. They do so to avoid the appearance of impropriety that accepting a bonus from the organization they are providing oversight to might cause them to be less than vigorous in their pursuit of fraud, waste and abuse. The Committee believes it is appropriate to extend the no-bonus policy to all Inspectors General. At the same time, the Committee recognizes that bonuses are currently a significant part of the overall compensation for some DFE IGs, and has attempted in Section 4 to adjust the salaries of these IGs such that they will not be significantly harmed by the no-bonus policy.

Section 6: Requires that each Inspector General have his or her own legal counsel or obtain necessary legal counsel from another OIG or the Council of Inspectors General on Integrity and Efficiency (created in Section 7 of this bill). This provision does not require that each OIG have its own Counsel. It does require that each Inspector General obtain advice from a lawyer that is employed by an Inspector General or the IG Council so as to preserve the independence of the Inspectors General.



Section 7: Subsection (a) creates a new Inspector General council that would merge, codify and strengthen the two existing councils, created by Executive Order, for the presidentially appointed and designated federal entity IGs respectively. The council's mission is to "address integrity, economy and effectiveness issues that transcend individual government agencies, and also to increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General."

This subsection establishes an Integrity Committee within the council to receive, review, investigate or refer for investigation allegations of wrongdoing that are made against Inspectors General or certain senior staff members within an OIG. The Integrity Committee is chaired by an official of the Federal Bureau of Investigation, and would also include the Office of Government Ethics and the Office of Special Counsel, as well as several Inspectors General. The Integrity Committee would be required to report to Congress on its activities.

The Council would also submit recommendations of individuals to fill IG vacancies. The purpose of this provision is to provide the President and agency heads the benefit of the advice of the IG community, not to tie the hands of the President or agency head in selecting Inspectors General. The committee believes that this practice will provide valuable advice to selecting officials and improve the quality and professionalism of the IG community.

The Council is authorized to develop a budget, and to establish a fund to support the Integrity Committee functions and to fund training across the government and for other authorized purposes. This will allow the Inspectors General to incorporate in their agency budget submissions requirements to support the Council and for the Council to "pool" funds among the IGs to ensure that required training is provided for IGs and their employees. It will ensure that necessary funding is clearly identified and apportioned among the agencies to support the vital and necessary functions of the Council.

This section also specifies, in subsection (b), that the Integrity Committee can review allegations of wrongdoing against the Special Counsel of the Office of Special Counsel, provided that the Special Counsel recuse himself from considering any such allegation.

Section 8: This section specifies that Inspector General budget requests at the agency level clearly document the amounts requested and specifically identify amounts needed for training and support of Council activities. The section also requires that the President's budget submission state how much money they are requesting for each IG office, as well as the funding level each Inspector General requested from their agency. This provision will provide Congress with transparency into the funding of the agency IGs but does not interfere with the agency head's or the President's right to formulate and transmit a budget to Congress. Ensuring adequate funding of the Office of the Inspector General in each agency through the current budget process is essential to ensuring the independence of the Inspectors General.

Section 9: This section extends the subpoena power of the Inspectors General to address information stored in any medium, includ-

ing electronically stored information. Nothing in this section is intended to provide for the disclosure of information otherwise exempted from release pertaining to the witness protection program. It does, however, clarify that IG authority extends to all documents whether generated or stored in hard copy or electronic media.

Section 10: This section would authorize Inspectors General at designated federal entities (DFEs) to pursue fraud claims and recoup losses under the Program Fraud Civil Remedies Act (an authority currently given to the presidentially appointed IGs). This clarifies the authority of the Inspectors General in the DFEs but does not require that they exercise this authority if it is not consistent with authorities already exercised by the agency.

Section 11: This section authorizes all Inspectors General appointed under Sections 3 or 8(G) of the IG Act to apply to the Justice Department for law enforcement authorities for its agents, an authority currently held only by the presidentially appointed IGs. This eliminates the unnecessary distinction between presidentially appointed and designated federal entity IGs.

Section 12: This section broadens the requirements for the IG semiannual reports to encompass inspection and evaluation reports as well as audits.

Section 13: This section requires several enhancements of Inspector General websites. It requires a direct link to the IG website from the agency homepage; requires all reports and audits to be posted within 3 working days of its public release; and requires that IG websites include a direct link for individuals to anonymously report fraud, waste or abuse. The requirement for the 3 working day posting is subject to the support received by the Inspectors General from their respective agencies in managing their websites.

Section 14: This section would eliminate a statutory restriction on the jurisdiction of the DOJ OIG, enabling the OIG to investigate allegations of wrongdoing by all Department employees. Currently, the OIG cannot investigate misconduct involving attorneys and investigators operating at their direction and these cases are referred to the Office of Professional Responsibility (OPR). The Committee anticipates that OPR will continue to investigate most of the routine misconduct cases involving Department attorneys. However, as evidenced by the issues raised by the recent dismissal of certain U.S. Attorneys, there are some cases of alleged attorney misconduct that should be reviewed by the OIG—for instance because they involve high ranking Department lawyers or reflect broad policies or practices of the Department. This provision affirms the primary jurisdiction of the OIG over all Departmental misconduct, without prejudicing or precluding all appropriate referrals to OPR.

Section 15: Subsection (a) enhances certain personnel authorities for Inspectors General, specifying that they, rather than the agency head for their respective entities, will be considered the “agency head” with respect to certain personnel matters. It should expedite personnel actions and give the Inspectors General greater leeway to structure and staff their offices as they consider necessary. Subsection (b) authorizes the Treasury Inspector General for Tax Administration to help provide physical security for Internal Revenue Service employees.

Section 16: Subsection (a) requires GAO to report on the adequacy of oversight mechanisms for the Inspectors General, including the practices of the Integrity Committee and the handling of complaints against Inspectors General through other channels. Subsection (b) requires a report on the implementation of the pay provisions of this legislation in Section 4.

## V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirement of paragraph 11(b)(1) of rule XXVI of the Standing Rules of the Senate the Committee has considered the regulatory impact of this bill. CBO states that there are no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and no costs on State, local, or tribal governments. The legislation contains no other regulatory impact.

## VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

DECEMBER 3, 2007.

Hon. JOSEPH I. LIEBERMAN, *Chairman,*  
*Committee on Homeland Security and Governmental Affairs,*  
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2324, the Inspector General Reform Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

PETER R. ORSZAG.

Enclosure.

### *S. 2324—Inspector General Reform Act of 2007*

Summary: S. 2324 would amend the Inspector General Act of 1978. In general, the legislation would strengthen the independence of inspectors general (IGs) from their respective federal agencies. The bill would:

- Require Congressional notification on the removal of an inspector general;
- Expand the reporting requirements for IG budget requests;
- Require IGs to have their own legal counsel;
- Establish an IG Council;
- Provide IGs with some additional investigative, law enforcement, and personnel authorities and require additional reports by IGs and the Government Accountability Office (GAO).

CBO estimates that implementing S. 2324 would cost \$83 million over the 2008–2012 period, assuming the appropriation of the necessary funds. The legislation could affect direct spending and revenues, but CBO estimates that any such effects would be negligible.

S. 2324 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budget of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2324 is shown in the following table. The costs of this legislation fall within budget function 800 (general govern-



ment) and all other budget functions where federal agencies employ inspectors general.

	By fiscal year, in millions of dollars—				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Inspector General Authorities:					
Estimated Authorization Level .....	6	12	12	12	12
Estimated Outlays .....	6	11	12	12	12
Council of Inspectors General on Integrity and Efficiency:					
Estimated Authorization Level .....	5	5	5	5	5
Estimated Outlays .....	4	5	5	5	5
Pay Provisions:					
Estimated Authorization Level .....	1	1	1	1	1
Estimated Outlays .....	1	1	1	1	1
Other Provisions:					
Estimated Authorization Level .....	1	*	0	0	0
Estimated Outlays .....	1	*	0	0	0
Total Changes:					
Estimated Authorization Level .....	13	18	18	18	18
Estimated Outlays .....	12	17	18	18	18

Note—\* = less than \$500,000.

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted near the end of calendar year 2007, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

The Inspector General Act of 1978 created independent offices headed by inspectors general responsible for conducting and supervising audits and investigations; promoting economy, efficiency, and effectiveness; and preventing and detecting fraud and abuse in government programs and operations. There are two types of IGs. There are 30 IGs who are appointed by the President with Senate confirmation (known as Presidential IGs), half of whom serve the 15 cabinet departments. Another 34 IGs serve as designated federal entity (DFE) IGs at smaller agencies and are appointed (and may be removed) by the head of the agency. The Government Accountability Office reported that IGs had appropriated budgets of almost \$2 billion in 2006 and employ over 12,000 employees.

### *Spending subject to appropriation*

Inspector General Authorities. Under current law, many IG activities come under the purview of the agency they oversee. The budgets for IG activities are included as part of the agency's overall budget request to the Congress, with funding determined by the Congress through the appropriations process. Personnel matters, including hiring and retirement issues, are handled by each IG's agency. IGs at some of the larger agencies have independent law enforcement authorities, such as carrying firearms and executing warrants for arrests; those at smaller agencies are usually deputized by the U.S. Marshall Service to perform such functions. In addition, IGs issue semi-annual reports on their activities and operations.

S. 2324 would amend existing law to make all IG offices separate agencies with the same powers and duties as the agency they monitor and investigate. IGs would be authorized to submit specified budget requests to OMB that would include their requests, the President's request, training requirements, and the funding needs

of the IG council. The legislation would also require IGs to have their own legal counsel as well as additional reporting requirements for IGs and their websites. Under S. 2324, IGs would be given additional personnel authorities, including more flexible hiring authorities. In addition, S. 2324 would provide new law enforcement authorities to IGs appointed by agency heads, including the ability to carry firearms and execute warrants.

Based on information from IG offices and the cost of similar authorities, CBO estimates that those provisions would cost \$53 million over the 2008–2012 period, mostly for additional personnel costs. CBO expects that few IG offices would become wholly independent of the administrative support of their agencies, but most would require additional personnel, especially the smaller IG offices. This estimate includes the cost of additional staff, training for budget and human resources functions, website development, as well as additional law enforcement training.

Council of Inspectors General on Integrity and Efficiency. Currently, there are two advisory councils for IG functions: inspectors general appointed by the President are members of the President's Council on Integrity and Efficiency (PCIE), while DFE IGs are members of the Executive Council on Integrity and Efficiency (ECIE). The two councils were created by Presidential Executive Orders and usually meet separately. They receive no specific appropriation but are funded by the various IGs on an ad hoc basis.

S. 2324 would establish a single council with duties and functions similar to the PCIE and ECIE. It would charge the new council with identifying, reviewing, and discussing areas of weakness and fraud in federal operations and programs; developing plans for coordinated governmentwide activities that address those problems; developing policies and professional programs for IG personnel; and investigating allegations against IGs. Based on information from PCIE and ECIE regarding their current operations, CBO estimates that implementing this provision would cost \$25 million over the 2008–2012 period, primarily for the cost of professional training for IGs.

Pay Provisions. Section 4 would amend the Inspector General Act of 1978 to raise the annual salary level of 31 IGs specified in the legislation from Level IV to Level III of the executive schedule plus an additional 3 percent. The bill would set a minimum level of pay for IGs of designated federal entities at the average level of total compensation received by senior level staff members at those entities. In addition, section 5 would prohibit payment of cash awards and bonuses to IGs.

Based on data and information provided by the Office of Personnel Management, CBO estimates that increasing the pay for IGs would cost \$4 million over the 2008–2012 period, subject to the availability of appropriated funds.

Other Provisions. The legislation would require GAO to prepare two reports within one year on the practices, policies, and procedures of the IG council and the pay of IGs. Based on the cost of similar reports, CBO estimates that preparing and distributing the report would cost about \$1 million over the 2008–2009 period.



### *Direct spending and revenues*

A few IGs are employed by offices that have direct spending authority to pay salaries and expenses. Amendments made by S. 2324 would have an insignificant impact on spending by those offices. Enacting S. 2324 could affect federal revenues from civil penalties as a result of allowing IGs appointed by their agency heads to investigate and report false claims and recoup losses resulting from fraud involving amounts under \$150,000. Collections of civil penalties are recorded in the budget as revenues and deposited in the general fund of the Treasury. Based on information from Presidential IGs, CBO estimates that any change in revenues that would result from enacting the bill would not be significant.

Intergovernmental and private-sector impact: S. 2324 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budget of state, local, or tribal governments.

Previous CBO estimate: On September 27, 2007, CBO transmitted a cost estimate for H.R. 928, the Improving Government Accountability Act, as ordered reported by the House Committee on Oversight and Government Reform on August 2, 2007. The two pieces of legislation have similar provisions relating to IGs, but S. 2324 has additional personnel and reporting requirements. The cost estimates reflect those differences.

Estimate prepared by: Federal Spending: Inspectors General—Matthew Pickford, Pay and benefits—Barry Blom; Impact on state, local, and tribal governments: Elizabeth Cove; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

### VIII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the following changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

## UNITED STATES CODE

### TITLE 2—THE CONGRESS

#### CHAPTER 5—LIBRARY OF CONGRESS

\* \* \* \* \*

#### § 185. Inspector General of the Library of Congress

\* \* \* \* \*

(c) \* \* \*

(2) REMOVAL. The Inspector General may be removed from office by the Librarian of Congress. [The Librarian of Congress shall, promptly upon such removal, communicate in writing the reasons for any such removal to each House of the Congress.] *If the Inspector General is removed from office or is*

*transferred to another position or location within the Library of Congress, the Librarian of Congress shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

\* \* \* \* \*

## CHAPTER 29—CAPITOL POLICE

### Subchapter I—Organization and Administration

\* \* \* \* \*

#### § 1909. Inspector General for the United States Capitol Police

\* \* \* \* \*

(b) \* \* \*

(3) REMOVAL. [The Inspector General may be removed from office prior to the expiration of his term only by the unanimous vote of all of the voting members of the Capitol Police Board, and the Board shall communicate the reasons for any such removal to the Committee on House Administration, the Senate Committee on Rules and Administration and the Committees on Appropriations of the House of Representatives and of the Senate.] *The Inspector General may be removed or transferred from office before the expiration of his term only by the unanimous vote of all voting members of the Capitol Police Board. If an Inspector General is removed from office or is transferred to another position or location within the Capitol Police, the Capitol Police Board shall communicate in writing the reasons for any such removal or transfer to the Committee on Rules and Administration of the Senate, the Committee on House Administration of the House of Representatives, and the Committees on Appropriations of the Senate and the House of Representatives, not later than 30 days before the removal or transfer.*

\* \* \* \* \*

## TITLE 5—GOVERNMENT ORGANIZATION AND EMPLOYEES

### PART III—EMPLOYEES

#### Subpart D—Pay and Allowances

#### CHAPTER 53—PAY RATES AND SYSTEMS

##### SUBCHAPTER II—EXECUTIVE SCHEDULES AND PAY RATES

\* \* \* \* \*

#### § 5315. Positions at Level IV

\* \* \* \* \*

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate de-

terminated with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

*	*	*	*	*	*	*
[Inspector General, Department of Education]						
*	*	*	*	*	*	*
[Inspector General, Department of Energy]						
*	*	*	*	*	*	*
[Inspector General, Department of Health and Human Services]						
[Inspector General, Department of Agriculture]						
*	*	*	*	*	*	*
[Inspector General, Department of Housing and Urban Development]						
*	*	*	*	*	*	*
[Inspector General, Department of Labor]						
[Inspector General, Department of Transportation]						
[Inspector General, Department of Veterans Affairs]						
*	*	*	*	*	*	*
[Inspector General, Department of Homeland Security]						
*	*	*	*	*	*	*
[Inspector General, Department of Defense]						
*	*	*	*	*	*	*
[Inspector General, Department of State]						
*	*	*	*	*	*	*
[Inspector General, Department of Commerce]						
[Inspector General, Department of the Interior]						
[Inspector General, Department of Justice]						
[Inspector General, Department of the Treasury]						
[Inspector General, Agency for International Development]						
[Inspector General, Environmental Protection Agency]						
[Inspector General, Export-Import Bank]						
[Inspector General, Federal Emergency Management Agency]						
[Inspector General, General Services Administration]						
[Inspector General, National Aeronautics and Space Administration]						
[Inspector General, Nuclear Regulatory Commission]						
[Inspector General, Office of Personnel Management]						
[Inspector General, Railroad Retirement Board]						
[Inspector General, Small Business Administration]						
[Inspector General, Tennessee Valley Authority]						
[Inspector General, Federal Deposit Insurance Corporation]						
*	*	*	*	*	*	*
[Inspector General, Resolution Trust Corporation]						
*	*	*	*	*	*	*
[Inspector General, Central Intelligence Agency]						
*	*	*	*	*	*	*
[Inspector General, Social Security Administration]						
*	*	*	*	*	*	*

[Inspector General, United States Postal Service]

\* \* \* \* \*

APPENDIX

Inspector General Act of 1978

\* \* \* \* \*

**§ 2 Purpose and establishment of Offices of Inspector General; departments and agencies involved**

In order to create independent and objective units—

(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section [11(2)] 12(2);

\* \* \* \* \*

**§ 3. Appointment of Inspector General; supervision; removal; political activities; appointment of Assistant Inspector General for Auditing and Assistant Inspector General for Investigations**

\* \* \* \* \*

(b) An Inspector General may be removed from office by the President. [The President shall communicate the reasons for any such removal to both Houses of Congress.] *If an Inspector General is removed from office or is transferred to another position or location within an establishment, the President shall communicate in writing the reasons for such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

\* \* \* \* \*

(e) *The annual rate of basic pay for an Inspector General (as defined under section 11(3)) shall be the rate payable for level III of the Executive Schedule under section 5314 of title 5, United States Code, plus 3 percent.*

(f) *An Inspector General (as defined under section 8G(a)(6) or 11(3)) may not receive any cash award or cash bonus, including any cash award under chapter 45 of title 5, United States Code.*

(g) *Each Inspector General shall, in accordance with applicable laws and regulations governing the civil service, obtain legal advice from a counsel either reporting directly to the Inspector General or another Inspector General.*

\* \* \* \* \*

**§ 4. Duties and Responsibilities; reports of criminal violations to Attorney General**

\* \* \* \* \*

(b) \* \* \*

(2) For purposes of determining compliance with paragraph (1)(A) with respect to whether internal quality controls are in place and operating and whether established audit standards, policies, and procedures are being followed by Offices of Inspector General of establishments defined under section [11(2)] 12(2), Offices of Inspector General of designated Federal enti-



ties defined under section 8F(a)(2),<sup>1</sup> and any audit office established within a Federal entity defined under section 8F(a)(1),<sup>1</sup> reviews shall be performed exclusively by an audit entity in the Federal Government, including the General Accounting Office or the Office of Inspector General of each establishment defined under section 11(2), or the Office of Inspector General of each designated Federal entity defined under section 8F(a)(2).

\* \* \* \* \*

**§ 5. Semiannual reports; transmittal to Congress; availability to public; immediate report on serious or flagrant problems; disclosure of information; definitions**

\* \* \* \* \*

(a) \* \* \*

(6) a listing, subdivided according to subject matter, of each audit report, *inspection reports and evaluation reports* issued by the Office during the reporting period and for each [audit] report, where applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use;

\* \* \* \* \*

(8) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs), for [audit] reports—

\* \* \* \* \*

(9) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of recommendations that funds be put to better use by management, for [audit] reports—

\* \* \* \* \*

(10) a summary of each audit report, *inspection reports and evaluation reports* issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report;

\* \* \* \* \*

(b) \* \* \*

(2) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of disallowed costs, for [audit] reports—

\* \* \* \* \*

(3) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of



recommendations that funds be put to better use by management agreed to in a management decision, for [audit] reports—

\* \* \* \* \*

**§ 6. Authority of Inspector General; information and assistance from Federal agencies; unreasonable refusal; office space and equipment**

\* \* \* \* \*

(a) \* \* \*

(4) to require by [subpena] *subpoena* the production of all information, documents, reports, answers, records, accounts, papers, and other data in any medium (including electronically stored information, as well as any tangible thing) and documentary evidence necessary in the performance of the functions assigned by this Act, which [subpena] *subpoena*, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court: *Provided*, That procedures other than [subpenas] *subpoenas* shall be used by the Inspector General to obtain documents and information from Federal agencies;

\* \* \* \* \*

(d) [For purposes of the provision of Title 5, United States Code, governing the Senior Executive Service, any reference in such provisions to the “appointing authority” for a member of the Senior Executive Service or for a Senior Executive Service position shall, if such member or position is or would be within the Office of an Inspector General, be deemed to be a reference to such Inspector General.] (1)(A) *For purposes of applying the provisions of law identified in subparagraph (B)—*

(i) *each Office of Inspector General shall be considered to be a separate agency; and*

(ii) *the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office, have the functions, powers, and duties of an agency head or appointing authority under such provisions.*

(B) *This paragraph applies with respect to the following provisions of title 5, United States Code:*

(i) *Subchapter II of chapter 35.*

(ii) *Sections 8335(b), 8336, 8344, 8414, 8468, and 8425(b).*

(iii) *All provisions relating to the Senior Executive Service (as determined by the Office of Personnel Management), subject to paragraph (2).*

(2) *For purposes of applying section 4507(b) of title 5, United States Code, paragraph (1)(A)(ii) shall be applied by substituting ‘the Council of the Inspectors General on Integrity and Efficiency (established by section 11 of the Inspector General Act) shall’ for ‘the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office,*

(e) \* \* \*

(1) In addition to the authority otherwise provided by this Act, each Inspector General[ appointed under section 3], any Assistant Inspector General for Investigations under such an Inspector General, and any special agent supervised by such

an Assistant Inspector General may be authorized by the Attorney General to—

\* \* \* \* \*

(9) *In this subsection the term 'Inspector General' means an Inspector General appointed under section 3 or an Inspector General appointed under section 8G.*

(f)(1) *For each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of establishment or designated Federal entity to which the Inspector General reports. The budget request shall specify the aggregate amount of funds requested for such fiscal year for the operations of that Inspector General and shall specify the amount requested for all training requirements, including a certification from the Inspector General that the amount requested satisfies all training needs for the Inspector General's office for that fiscal year, and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency. Resources necessary to support the Council of the Inspectors General on Integrity and Efficiency shall be specifically identified and justified in the budget request.*

(2) *In transmitting a proposed budget to the President for approval, the head of each establishment or designated Federal entity shall include—*

- (A) *an aggregate request for the Inspector General;*
- (B) *amounts for Inspector General training;*
- (C) *amounts for support of the Council of the Inspectors General on Integrity and Efficiency; and*
- (D) *any comments of the affected Inspector General with respect to the proposal.*

(3) *The President shall include in each budget of the United States Government submitted to Congress—*

- (A) *a separate statement of the budget estimate prepared in accordance with paragraph (1);*
- (B) *the amount requested by the President for each Inspector General;*
- (C) *the amount requested by the President for training of Inspectors General;*
- (D) *the amount requested by the President for support for the Council of the Inspectors General on Integrity and Efficiency; and*
- (E) *any comments of the affected Inspector General with respect to the proposal, including whether the budget request submitted by the head of the establishment or designated Federal entity would substantially inhibit the Inspector General from performing the duties of the office.*

\* \* \* \* \*

## § 8D. Special provisions concerning the Department of Treasury

\* \* \* \* \*

(k) \* \* \*

(1) \* \* \*

(C) shall be responsible for protecting the Internal Revenue Service against external attempts to corrupt or threaten employees of the Internal Revenue Service, but

shall not be responsible for the conducting of background checks[ and the providing of physical security]; and

\* \* \* \* \*

### **§ 8E. Special provisions concerning the Department of Justice**

\* \* \* \* \*

(b) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the Department of Justice—

(1) may initiate, conduct and supervise such audits and investigations in the Department of Justice as the Inspector General considers appropriate;

(2) except as specified in subsection (a)[ and paragraph (3)], may investigate allegations of criminal wrongdoing or administrative misconduct by an employee of the Department of Justice, or may, in the discretion of the Inspector General, refer such allegations to the Office of Professional Responsibility or the internal affairs office of the appropriate component of the Department of Justice;

[(3) shall refer to the Counsel, Office of Professional Responsibility of the Department of Justice, allegations of misconduct involving Department attorneys, investigators, or law enforcement personnel, where the allegations relate to the exercise of the authority of an attorney to investigate, litigate, or provide legal advice, except that no such referral shall be made if the attorney is employed in the Office of Professional Responsibility;]

[(4)](3) may investigate allegations of criminal wrongdoing or administrative misconduct by a person who is the head of any agency or component of the Department of Justice; and

[(5)](4) shall forward the results of any investigation conducted under paragraph [(4)](3), along with any appropriate recommendation for disciplinary action, to the Attorney General.

\* \* \* \* \*

(d) The Attorney General shall ensure by regulation that any component of the Department of Justice receiving a nonfrivolous allegation of criminal wrongdoing or administrative misconduct by an employee of the Department of Justice[, except with respect to allegations described in subsection (b)(3),] shall report that information to the Inspector General.

\* \* \* \* \*

### **§ 8G. Requirements for Federal entities and designated Federal entities**

(a) Notwithstanding section [11] 12 of this Act, as used in this section—

(1) \* \* \*

(A) an establishment (as defined under section [11(2)] 12(2) of this Act) or part of an establishment;

\* \* \* \* \*

(c) Except as provided under subsection (f) of this section, the Inspector General shall be appointed by the head of the designated



Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity. *Each Inspector General shall be appointed without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.*

\* \* \* \* \*

(e) If an Inspector General is removed from office or is transferred to another position or location within a designated Federal entity, the head of the designated Federal entity [shall promptly communicate in writing the reasons for any such removal or transfer to both Houses of the Congress] *shall communicate in writing the reason for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

\* \* \* \* \*

(g) \* \* \*

*(4) Each Inspector General shall, in accordance with applicable laws and regulations governing appointments within the designated Federal entity, appoint a Counsel to the Inspector General who shall report to the Inspector General or obtain the services of a counsel appointed by and directly reporting to another Inspector General or the Council of the Inspectors General on Integrity and Efficiency on a reimbursable basis.*

\* \* \* \* \*

## **§ 8L. Information on websites of Offices of Inspectors General**

“(a) **“DIRECT LINKS TO INSPECTORS GENERAL OFFICES.—**

*“(1) IN GENERAL.—Each agency shall establish and maintain on the homepage of the website of that agency, a direct link to the website of the Office of the Inspector General of that agency.*

*“(2) ACCESSIBILITY.—The direct link under paragraph (1) shall be obvious and facilitate accessibility to the website of the Office of the Inspector General.*

“(b) **REQUIREMENTS FOR INSPECTORS GENERAL WEBSITES.—**

*“(1) POSTING OF REPORTS AND AUDITS.—The Inspector General of each agency shall—*

*“(A) in accordance with section 552a of title 5, United States Code (commonly referred to as the Privacy Act), not later than 3 working days after any report or audit (or portion of any report or audit), that is subject to release under section 552 of that title (commonly referred to as the Freedom of Information Act), is made publicly available, post that report or audit (or portion of that report or audit) on the website of the Office of the Inspector General; and*

*“(B) ensure that any posted report or audit (or portion of that report or audit) described under subparagraph (A)—*

*“(i) is easily accessible from a direct link on the homepage of the website of the Office of the Inspector General;*

*“(ii) includes a summary of the findings of the Inspector General; and—*

*“(iii) is in a format that*

*“(I) is searchable and downloadable; and*

*“(II) facilitates printing by individuals of the public accessing the website.*

*“(2) REPORTING OF FRAUD, WASTE, AND ABUSE.—*

*“(A) IN GENERAL.—The Inspector General of each agency shall establish and maintain a direct link on the homepage of the website of the Office of the Inspector General for individuals to report fraud, waste, and abuse. Individuals reporting fraud, waste, or abuse using the direct link established under this paragraph shall not be required to provide personally identifying information relating to that individual.*

*“(B) ANONYMITY.—The Inspector General of each agency shall not disclose the identity of any individual making a report under this paragraph without the consent of the individual unless the Inspector General determines that such a disclosure is unavoidable during the course of the investigation.”.*

*(b) IMPLEMENTATION.—Not later than 180 days after the date of enactment of this Act, the head of each agency and the Inspector General of each agency shall implement the amendment made by this section.*

\* \* \* \* \*

**§ 11. Establishment of the Council of the Inspector General on integrity and efficiency**

*“(a) ESTABLISHMENT AND MISSION.—*

*“(1) Establishment.—There is established as an independent entity within the executive branch the Council of the Inspectors General on Integrity and Efficiency (in this section referred to as the ‘Council’).*

*(2) MISSION.—The mission of the Council shall be to—*

*“(A) address integrity, economy, and effectiveness issues that transcend individual Government agencies; and*

*“(B) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.*

*“(b) MEMBERSHIP.—*

*“(1) IN GENERAL.—The Council shall consist of the following members:*

*“(A) All Inspectors General whose offices are established under—*

*“(i) section 2; or*

*“(ii) section 8G.*

*“(B) The Inspectors General of the Office of the Director of National Intelligence and the Central Intelligence Agency.*

*“(C) The Controller of the Office of Federal Financial Management.*

*“(D) A senior level official of the Federal Bureau of Investigation designated by the Director of the Federal Bureau of Investigation.*

*“(E) The Director of the Office of Government Ethics.*

*“(F) The Special Counsel of the Office of Special Counsel.*



“(G) *The Deputy Director of the Office of Personnel Management.*

“(H) *The Deputy Director for Management of the Office of Management and Budget.*

“(I) *The Office of Inspectors General of the Library of Congress, Capitol Police, and the Government Printing Office.*

“(J) *Any other members designated by the President.*

“(2) *CHAIRPERSON AND EXECUTIVE CHAIRPERSON.—*

“(A) *EXECUTIVE CHAIRPERSON.—The Deputy Director for Management of the Office of Management and Budget shall be the Executive Chairperson of the Council.*

“(B) *CHAIRPERSON.—The Council shall elect 1 of the Inspectors General referred to in paragraph (1)(A) or (B) to act as Chairperson of the Council. The term of office of the Chairperson shall be 2 years.*

“(3) *FUNCTIONS OF CHAIRPERSON AND EXECUTIVE CHAIRPERSON.—*

“(A) *EXECUTIVE CHAIRPERSON.—The Executive Chairperson shall—*

“(i) *preside over meetings of the Council;*

“(ii) *provide to the heads of agencies and entities represented on the Council summary reports of the activities of the Council; and*

“(iii) *provide to the Council such information relating to the agencies and entities represented on the Council as assists the Council in performing its functions.*

“(B) *CHAIRPERSON.—The Chairperson shall—*

“(i) *convene meetings of the Council—*

“(I) *at least 6 times each year;*

“(II) *monthly to the extent possible; and*

“(III) *more frequently at the discretion of the Chairperson;*

“(ii) *exercise the functions and duties of the Council under subsection (c);*

“(iii) *appoint a Vice Chairperson to assist in carrying out the functions of the Council and act in the absence of the Chairperson, from a category of Inspectors General described in subparagraph (A)(i), (A)(ii), or (B) of paragraph (1), other than the category from which the Chairperson was elected;*

“(iv) *make such payments from funds otherwise available to the Council as may be necessary to carry out the functions of the Council;*

“(v) *select, appoint, and employ personnel as needed to carry out the functions of the Council subject to the availability of appropriations and the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates;*

“(vi) *to the extent and in such amounts as may be provided in advance by appropriations Acts, enter into contracts and other arrangements with public agencies*

and private persons to carry out the functions and duties of the Council;

“(vii) establish, in consultation with the members of the Council, such committees as determined by the Chairperson to be necessary and appropriate for the efficient conduct of Council functions; and

“(viii) prepare and transmit a report annually on behalf of the Council to the President on the activities of the Council.

“(c) **FUNCTIONS AND DUTIES OF COUNCIL.**—

“(1) **IN GENERAL.**—The Council shall—

“(A) continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse;

“(B) develop plans for coordinated, governmentwide activities that address these problems and promote economy and efficiency in Federal programs and operations, including interagency and interentity audit, investigation, inspection, and evaluation programs and projects to deal efficiently and effectively with those problems concerning fraud and waste that exceed the capability or jurisdiction of an individual agency or entity;

“(C) develop policies that will aid in the maintenance of a corps of well-trained and highly skilled Office of Inspector General personnel;

“(D) maintain an Internet website and other electronic systems for the benefit of all Inspectors General, as the Council determines are necessary or desirable;

“(E) maintain 1 or more academies as the Council considers desirable for the professional training of auditors, investigators, inspectors, evaluators, and other personnel of the various offices of Inspector General;

“(F) submit recommendations of individuals to the appropriate appointing authority for any appointment to an office of Inspector General described under subsection (b)(1)(A) or (B);

“(G) make such reports to Congress as the Chairperson determines are necessary or appropriate; and

“(H) perform other duties within the authority and jurisdiction of the Council, as appropriate.

“(2) **ADHERENCE AND PARTICIPATION BY MEMBERS.**—To the extent permitted under law, and to the extent not inconsistent with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions, each member of the Council shall adhere to professional standards developed by the Council and participate in the plans, programs, and projects of the Council, as appropriate.

“(3) **ADDITIONAL ADMINISTRATIVE AUTHORITIES.**—

“(A) **INTERAGENCY FUNDING.**—Notwithstanding section 1532 of title 31, United States Code, or any other provision of law prohibiting the interagency funding of activities described under subclause (I), (II), or (III) of clause (i), in the performance of the responsibilities, authorities, and duties of the Council—

"(i) the Executive Chairperson may authorize the use of interagency funding for—

"(I) Governmentwide training of employees of the Offices of the Inspectors General;

"(II) the functions of the Integrity Committee of the Council; and

"(III) any other authorized purpose determined by the Council; and

"(ii) upon the authorization of the Executive Chairperson, any department, agency, or entity of the executive branch which has a member on the Council shall fund or participate in the funding of such activities.

"(B) SUPERSEDING PROVISIONS.—No provision of law enacted after the date of enactment of this subsection shall be construed to limit or supersede the authority under paragraph (1), unless such provision makes specific reference to the authority in that paragraph.

"(4) EXISTING AUTHORITIES AND RESPONSIBILITIES.—The establishment and operation of the Council shall not affect—

"(A) the role of the Department of Justice in law enforcement and litigation;

"(B) the authority or responsibilities of any Government agency or entity; and

"(C) the authority or responsibilities of individual members of the Council.

"(d) INTEGRITY COMMITTEE.—

"(1) ESTABLISHMENT.—The Council shall have an Integrity Committee, which shall receive, review, and refer for investigation allegations of wrongdoing that are made against Inspectors General and staff members of the various Offices of Inspector General described under paragraph (4)(C).

"(2) MEMBERSHIP.—The Integrity Committee shall consist of the following members:

"(A) The official of the Federal Bureau of Investigation serving on the Council, who shall serve as Chairperson of the Integrity Committee.

"(B) Three or more Inspectors General described in subparagraph (A) or (B) of subsection (b)(1) appointed by the Chairperson of the Council, representing both establishments and designated Federal entities (as that term is defined in section 8G(a)).

"(C) The Special Counsel of the Office of Special Counsel.

"(D) The Director of the Office of Government Ethics.

"(3) LEGAL ADVISOR.—The Chief of the Public Integrity Section of the Criminal Division of the Department of Justice, or his designee, shall serve as a legal advisor to the Integrity Committee.

"(4) REFERRAL OF ALLEGATIONS.—

"(A) REQUIREMENT.—An Inspector General shall refer to the Integrity Committee any allegation of wrongdoing against a staff member of the office of that Inspector General, if—

"(i) review of the substance of the allegation cannot be assigned to an agency of the executive branch with appropriate jurisdiction over the matter; and



*“(ii) the Inspector General determines that—*

*“(I) an objective internal investigation of the allegation is not feasible; or*

*“(II) an internal investigation of the allegation may appear not to be objective.*

*“(B) DEFINITION.—In this paragraph the term ‘staff member’ means—*

*“(i) any employee of an Office of Inspector General who reports directly to an Inspector General; or*

*“(ii) who is designated by an Inspector General under subparagraph (C).*

*“(C) DESIGNATION OF STAFF MEMBERS.—Each Inspector General shall annually submit to the Chairperson of the Integrity Committee a designation of positions whose holders are staff members for purposes of subparagraph (B).*

*“(5) REVIEW OF ALLEGATIONS.—The Integrity Committee shall—*

*“(A) review all allegations of wrongdoing the Integrity Committee receives against an Inspector General, or against a staff member of an Office of Inspector General described under paragraph (4)(C);*

*“(B) refer any allegation of wrongdoing to the agency of the executive branch with appropriate jurisdiction over the matter; and*

*“(C) refer to the Chairperson of the Integrity Committee any allegation of wrongdoing determined by the Integrity Committee under subparagraph (A) to be potentially meritorious that cannot be referred to an agency under subparagraph (B).*

*“(6) AUTHORITY TO INVESTIGATE ALLEGATIONS.—*

*“(A) REQUIREMENT.—The Chairperson of the Integrity Committee shall cause a thorough and timely investigation of each allegation referred under paragraph (5)(C) to be conducted in accordance with this paragraph.*

*“(B) RESOURCES.—At the request of the Chairperson of the Integrity Committee, the head of each agency or entity represented on the Council—*

*“(i) may provide resources necessary to the Integrity Committee; and*

*“(ii) may detail employees from that agency or entity to the Integrity Committee, subject to the control and direction of the Chairperson, to conduct an investigation under this subsection.*

*“(7) PROCEDURES FOR INVESTIGATIONS.—*

*“(A) STANDARDS APPLICABLE.—Investigations initiated under this subsection shall be conducted in accordance with the most current Quality Standards for Investigations issued by the Council or by its predecessors (the President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency).*

*“(B) ADDITIONAL POLICIES AND PROCEDURES.—*

*“(i) ESTABLISHMENT.—The Integrity Committee, in conjunction with the Chairperson of the Council, shall establish additional policies and procedures necessary to ensure fairness and consistency in—*



“(I) determining whether to initiate an investigation;

“(II) conducting investigations;

“(III) reporting the results of an investigation; and

“(IV) providing the person who is the subject of an investigation with an opportunity to respond to any Integrity Committee report.

“(ii) *SUBMISSION TO CONGRESS.*—The Council shall submit a copy of the policies and procedures established under clause (i) to the congressional committees of jurisdiction.

“(C) *REPORTS.*—

“(i) *POTENTIALLY MERITORIOUS ALLEGATIONS.*—For allegations described under paragraph (5)(C), the Chairperson of the Integrity Committee shall make a report containing the results of the investigation of the Chairperson and shall provide such report to members of the Integrity Committee.

“(ii) *ALLEGATIONS OF WRONGDOING.*—For allegations referred to an agency under paragraph (5)(B), the head of that agency shall make a report containing the results of the investigation and shall provide such report to members of the Integrity Committee.

“(8) *ASSESSMENT AND FINAL DISPOSITION.*—

“(A) *IN GENERAL.*—With respect to any report received under paragraph (7)(C), the Integrity Committee shall—

“(i) assess the report;

“(ii) forward the report, with the recommendations of the Integrity Committee, including those on disciplinary action, within 30 days (to the maximum extent practicable) after the completion of the investigation, to the Executive Chairperson of the Council and to the President (in the case of a report relating to an Inspector General of an establishment or any employee of that Inspector General) or the head of a designated Federal entity (in the case of a report relating to an Inspector General of such an entity or any employee of that Inspector General) for resolution; and

“(iii) submit to the congressional committees of jurisdiction an executive summary of such report and recommendations within 30 days after the submission of such report to the Executive Chairperson under clause (ii).

“(B) *DISPOSITION.*—The Executive Chairperson of the Council shall report to the Integrity Committee the final disposition of the matter, including what action was taken by the President or agency head.

“(9) *ANNUAL REPORT.*—The Council shall submit to Congress and the President by December 31 of each year a report on the activities of the Integrity Committee during the preceding fiscal year, which shall include the following:

“(A) The number of allegations received.

*“(B) The number of allegations referred to other agencies, including the number of allegations referred for criminal investigation.*

*“(C) The number of allegations referred to the Chairperson of the Integrity Committee for investigation.*

*“(D) The number of allegations closed without referral.*

*“(E) The date each allegation was received and the date each allegation was finally disposed of.*

*“(F) In the case of allegations referred to the Chairperson of the Integrity Committee, a summary of the status of the investigation of the allegations and, in the case of investigations completed during the preceding fiscal year, a summary of the findings of the investigations.*

*“(G) Other matters that the Council considers appropriate.*

*“(10) REQUESTS FOR MORE INFORMATION.—With respect to paragraphs (8) and (9), the Council shall provide more detailed information about specific allegations upon request from any of the following:*

*“(A) The chairperson or ranking member of the Committee on Homeland Security and Governmental Affairs of the Senate.*

*“(B) The chairperson or ranking member of the Committee on Oversight and Government Reform of the House of Representatives.*

*“(C) The chairperson or ranking member of the congressional committees of jurisdiction.*

*“(11) NO RIGHT OR BENEFIT.—This subsection is not intended to create any right or benefit, substantive or procedural, enforceable at law by a person against the United States, its agencies, its officers, or any person.”.*

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## **§ [11] 12. Definitions**

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## **§ [12] 13. Effective date**

\* \* \* \* \*

# **TITLE 31—MONEY AND FINANCE**

## **Subtitle II—The Budget Process**

### **CHAPTER 11—THE BUDGET AND FISCAL, BUDGET, AND PROGRAM INFORMATION**

\* \* \* \* \*

## **§ 1105. Budget contents and submission to Congress**

(a) \* \* \*

(33) [a separate appropriation account for appropriations for the Inspectors General Criminal Investigator Academy and the Inspectors General Forensic Laboratory of the Department of the Treasury.] *a separate appropriation account for appropria-*

*tions for the Council of the Inspectors General on Integrity and Efficiency, and, included in that account, a separate statement of the aggregate amount of appropriations requested for each academy maintained by the Council of the Inspectors General on Integrity and Efficiency.*

\* \* \* \* \*

## **Subtitle III—Financial Management**

### **CHAPTER 38—ADMINISTRATIVE REMEDIES FOR FALSE CLAIMS AND STATEMENTS**

#### **§ 3801. Definitions**

(a) \* \* \*

(1) \* \* \*

(D) the United States Postal Service; [and]

(E) National Science Foundation; and

(F) a designated Federal entity (as such term is defined under section 8G(a)(2) of the Inspector General Act of 1978).

\* \* \* \* \*

## **TITLE 42—THE PUBLIC HEALTH AND WELFARE**

### **CHAPTER 129—NATIONAL AND COMMUNITY SERVICE**

#### **Subchapter I—National and Community Service State Grant Program**

##### **DIVISION G—CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

\* \* \* \* \*

#### **§ 12651e. Officers**

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(b) \* \* \*

[(3) Compensation The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5.]

\* \* \* \* \*

## **TITLE 44—PUBLIC PRINTING AND DOCUMENTS**

### **CHAPTER—GOVERNMENT PRINTING OFFICE: OFFICE OF INSPECTOR GENERAL**

\* \* \* \* \*

**§ 3902. Appointment of Inspector General; supervision; removal**

\* \* \* \* \*

(b) The Inspector General may be removed from office by the Public Printer. [The Public Printer shall, promptly upon such removal, communicate in writing the reasons for any such removal to each House of the Congress.] *If the Inspector General is removed from office or is transferred to another position or location within the Government Printing Office, the Public Printer shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

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